

## 2006-2007 PERFORMANCE PLAN – CHIEF INVESTMENT OFFICER

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### *Quantitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule
35%	Total Fund	Excess return in basis points relative to total fund performance benchmark. (SJ1C – CPERSTOT)	-40bp = 0 0bp = 1.0 +20bp = 1.5
10%	Global Equity	Total Public Equity excluding AIM compared to CalPERS Policy Total Equity Index Return. (GLOBLIC - CPERSGE)	-50bp = 0 -10bp = 1.0 +15bp = 1.5
10%	AIM	AIM Program Performance vs. Venture Economics Young Fund Median Return.	Median = 0 Median + 150 = 1 Median + 250 = 1.5
10%	Global Fixed Income	Total Global Fixed Income vs. 88% Lehman Domestic Index/12% WGBI ex US. (SJEK – CPERGFI)	0bp = 0 +40bp = 1.0 +60bp = 1.5
10%	Real Estate	Total Real Estate vs. NCREIF Property First Quarter Lag Index.	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
75%	Subtotal	Quantitative Measures	

## 2006-2007 PERFORMANCE PLAN – CHIEF INVESTMENT OFFICER - Continued

### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule
25%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> <li>• Within Investment Group</li> <li>• Trustees</li> <li>• CalPERS</li> <li>• External Investment Community</li> <li>• Diversity</li> <li>• Succession Plan</li> <li>• Strategic Plan</li> </ul>	Score (0 – 10)  0 = 0 5 = 1.0 10 = 1.5
	Including CalPERS Enterprisewide Objectives:	<u>Enterprise Compliance:</u> By June 30, 2007: <ul style="list-style-type: none"> <li>• Identify all policies and regulations for the Investment Office and the tools and monitoring methods used to ensure compliance;</li> <li>• Ensure that all appropriate staff have completed ethics training and are knowledgeable regarding policy, rules and regulations affecting their positions; and</li> <li>• Perform compliance risk assessment of policies, rules and regulations for the Investment Office. (Compliance Office will supply a template, criteria and training on compliance risk assessment by 1/1/07.)</li> </ul> <u>Employee Survey Initiatives:</u> <ul style="list-style-type: none"> <li>• Choose one high-impact activity from 14 Employee Survey Initiatives that is significant and meaningful to the Investment Office, for achievement by June 30, 2007.</li> </ul>	From rating schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

Supervisor's Approval: Original signed by Fred Buenrostro

Date: August 1, 2006